



**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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Carlos Jackson
Executive Director

July 3, 2007

Honorable Board of Commissioners
Community Development Commission of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVAL OF ALLOCATION OF HOME PROGRAM FUNDS (2, 4)
(3 Vote)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that approval of construction of 6 units of multifamily housing at 13965 Coteau Drive, in unincorporated Whittier, is exempt from the provisions of the California Environmental Quality Act (CEQA), as described herein, because the project will not have the potential for causing a significant effect on the environment.
2. Approve a loan to a developer using HOME funds in a total amount of up to \$3,398,319 and also using Industry funds in a total amount of up to \$3,000,000 for the development of one affordable special needs housing development, identified in Attachment A, which has been selected through a Notice Of Funding Availability (NOFA) jointly issued by the Commission and the Housing Authority of the County of Los Angeles (Housing Authority) on January 2, 2007, which loan will be administered by the Commission.
3. Approve a loan to a developer using HOME funds in a total amount of up to \$948,155 and also using Industry funds in a total amount of up to \$961,272 for the development of one affordable special needs housing development, identified in Attachment A, which has been selected through a Notice Of Funding Availability (NOFA) jointly issued by the Commission and the Housing Authority on January 2, 2007, which loan will be administered by the Housing Authority.



4. Authorize the Executive Director to negotiate Loan Agreements with the recommended developers, for the purposes described above, and to execute the Loan Agreements and all related documents, including documents to subordinate the loans to permitted construction and permanent financing and any intergovernmental, interagency, or inter-creditor agreements, as may be necessary for the implementation of each development, following approval as to form by County Counsel.
5. Authorize the Executive Director to execute administrative amendments to the Loan Agreements or any related document, as may be necessary for the implementation of each development, following approval as to form by County Counsel.

PURPOSE /JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to approve the allocation of HOME funds for 2 developments that will provide affordable special needs housing in the unincorporated areas of Los Angeles County.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund.

The Commission is recommending 2 loans in a total amount of up to \$4,346,474 in HOME funds to construct 2 developments. Funds for these loans will be incorporated into the Commission's budget on an as-needed basis in the current and upcoming fiscal years.

Final loan amounts will be determined following completion of negotiations with the developers and arrangements with other involved lenders. Each loan will be evidenced by a promissory note and secured by a deed of trust, with the term of affordability enforced by a recorded Covenants, Conditions and Restrictions document.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

HOME funds received from the U.S. Department of Housing and Urban Development (HUD) are administered by the Commission on behalf of the County of Los Angeles and are used for affordable housing located in unincorporated areas and forty-seven participating cities.

A Notice Of Funding Availability (NOFA) was jointly issued by the Commission and the Housing Authority on January 2, 2007, making available approximately \$21,000,000 of the Housing Authority's Industry funds and \$21,000,000 of County HOME funds for the development of affordable rental housing. As of April 8, 2007, thirty-three proposals were received for Industry funds, of which seven also applied for HOME funds. Review and evaluation has been completed for all of the initial applications under the NOFA process. Industry funds will be allocated to eighteen developments, four of which will also be receiving HOME funds. Funding recommendations for 2 of the 4 HOME projects listed in Attachment A are being presented to your Board at this time. Funding recommendations for the remaining 2 HOME projects will be presented to your Board at a later date, after environmental reviews have been completed.

It was previously necessary to execute separate loan agreements for HOME funds and Industry funds. However, on December 20, 2005, your Board and the Board of Commissioners for the Housing Authority jointly authorized the Housing Authority to administer HOME funds on behalf of the Commission for projects receiving both Industry and HOME funds, where the amount of Industry funds exceeds the amount of HOME funds. Your Boards also jointly authorized the Commission to administer Industry funds on behalf of the Housing Authority, for projects receiving both Industry and HOME funds, where the amount of HOME funds exceeds the amount of Industry funds.

One project listed in Attachment A will be funded with less HOME funds than Industry funds; therefore, the Housing Authority will enter into the Loan Agreement for HOME and Industry funds for the project. The Housing Authority will administer all funds in the project, while the Commission will monitor the project for adherence to HOME regulations and requirements.

A second project listed in Attachment A will be funded with more HOME funds than Industry funds; therefore, the Commission will enter into the Loan Agreement for HOME and Industry funds for the project. The Commission will administer all funds in the project, while the Housing Authority will monitor the project for adherence to Industry regulations and requirements.

The remaining 14 projects listed in Attachment A are being recommended for Industry Funds only, and will be administered by the Housing Authority.

The current funding recommendations will provide Industry funds and HOME funds to the developers through Loan Agreements with the Housing Authority or Commission, to be executed by the Executive Director, following completion of negotiations and approval as to form by County Counsel. All loan agreements will incorporate affordability restrictions and provisions requiring developers to comply with all applicable federal, state, and local laws.

The Loan Agreements will set aside a minimum of 20 percent of each development's rental units at rates affordable to low-income households earning less than 50 percent of the median income for the Los Angeles-Long Beach Metropolitan Statistical Area (MSA), adjusted for family size, as established by the U.S. Department of Housing and Urban Development (HUD). For special needs housing, a minimum of 35 percent of the units will be reserved for households with incomes below 50 percent of median income. The Loan Agreements will require that the affordable housing units be set-aside for a period of 55 years.

This letter has been reviewed by County Counsel. Attachment A hereto is a complete list of developments being recommended for funding at this time.

A separate letter is being concurrently submitted to the Board of Commissioners of the Housing Authority to approve the use of Industry funds for all projects listed in Attachment A.

NOTICE OF FUNDING AVAILABILITY AND SELECTION PROCESS:

The Commission and the Housing Authority issued a Notice of Funding Availability (NOFA) in accordance with the Industry Allocation and Distribution Plan previously adopted by your Board, as amended. On December 22, 2006, advertising for the NOFA began in local newspapers. The NOFA was released on January 2, 2007, and subsequent informational workshops were held to provide prospective applicants with technical assistance.

Proposals were accepted between February 2 and April 8, 2007. The total demand exceeded available funding. Therefore, no further applications will be accepted until additional funding becomes available.

SUMMARY OF APPLICATIONS AND ALLOCATIONS		
FUNDS	DEMAND	ALLOCATION
City of Industry	\$49,403,338 33 Proposals	\$29,609,460 18 Developments
HOME also requested	\$23,453,810 [7 Proposals included above]	\$18,819,310 [4 Developments included above]
TOTAL	\$72,857,148 33 Proposals	\$48,428,770 18 Developments*

* Two HOME projects are being presented to your Board at this time - funding awards for the two remaining HOME projects will be presented at a later date.

Each recommended proposal has undergone a review by technical consultants. In addition, in order to verify expertise and service linkages submitted by applicants, proposals for special needs housing were reviewed by a Task Force established by the Executive Director. The Task Force was comprised of persons with experience in serving the targeted special needs populations. Following this process, the proposals were forwarded to the Commission/Housing Authority's Loan Committee which provided independent review of the Task Force's scoring and also heard the appeals.

The NOFA included a process for applicants to appeal individual scores for procedural or technical errors. Applicants were notified of the scoring results and given ten days to appeal and all appeals have been heard and administratively adjudicated. The only appeals received were for Industry funds; there were no appeals for HOME funds.

The recommended funding awards are based on threshold criteria and proposals scoring a minimum of 70% of available points are eligible for funding. Awards are made on a first-come first-served basis until all currently available funding is exhausted. The remaining proposals are placed on a waiting list in the order they were received, to hold for future funding availability. The recommended awards are being made in accordance with the County's current Housing and Community Development Plan (HCDP) and the planning documents of other affected jurisdictions. The Executive Director may enter into memoranda of understanding and other agreements with other jurisdictions, if necessary, for development of the proposed projects.

ENVIRONMENTAL DOCUMENTATION:

Environmental Assessments were prepared for the Seasons at Compton and Coteau III projects pursuant to the requirements of the National Environmental Policy Act of 1969 (NEPA). These documents describe the proposed projects, evaluate the potential environmental effects, and describe the mitigation measures necessary to avoid potentially significant environmental effects from the projects. Based on the conclusions and findings of the Environmental Assessments, Findings of No Significant Impact were approved by the Community Development Commission on the following dates:

Seasons at Compton – September 27, 2004
Coteau III – January 3, 2000

Following the required public and agency comment period, HUD issued a Release of Funds for these projects on:

Seasons at Compton – November 25, 2004
Coteau III – January 3, 2000

Consistent with the provisions of the CEQA Guidelines, Article 14, Section 15221, notice was provided to the public that an Environmental Assessment, used in place of an Initial Study, would be used to satisfy CEQA requirements for the Seasons at Compton project. The Environmental Assessment/Mitigated Negative Declaration (IS/MND) was circulated for public review as required by state and local law, and the Environmental Assessment/Mitigated Negative Declaration, in conjunction with the Mitigation and Monitoring Plan, meets the requirements of CEQA. The IS/MND for Seasons at Compton was approved by the Board of Supervisors on November 9, 2004.

The Coteau III project is exempt from the requirements of CEQA in accordance with California Public Resources Code Chapter 4.5, Article 6, Section 21159.24.

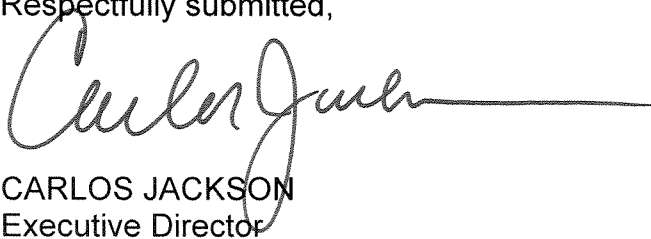
Qualified applicants not recommended for funding from the current allocation have been placed on a waiting list for funding under the NOFA once additional funds become available. Placement on the waiting list does not guarantee funding.

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IMPACT ON CURRENT PROGRAM:

The recommended allocation of HOME funds totaling \$4,346,474 for two projects listed on Attachment A will leverage more than \$17,000,000 additional external resources, over four times the funds recommended for allocation at this time. The requested actions will increase the supply of affordable housing and affordable special needs housing in the County.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Carlos Jackson", followed by a long horizontal line extending to the right.

CARLOS JACKSON
Executive Director

Attachments: 1
CJ:CBB

ATTACHMENT A

PROJECTS RECOMMENDED FOR INDUSTRY AND HOME FUNDS

NON-SPECIAL NEEDS HOUSING DEVELOPMENTS

Applicant	Project Name	Address	Uninc.	Dist.	Type	Total Units	Industry Assist Units	HOME Assist Units	Industry Funds Recommended	HOME Funds Recommended	Local and Other Sources	Total Development Cost
Investment, Inc. (ADI) / Housing Alternatives, Inc.	Manitou Vistas	3414-3430 E Manitou Ave, Los Angeles 90031	No	1	Family	48	37	0	\$2,014,000		\$20,938,515	\$22,952,515
SADI (ADI & Squier Properties) / Housing Alternatives	Metro Loma	328 Mira Loma Ave, Glendale 91204	No	5	Family	44	33	0	\$1,497,000		\$17,888,449	\$19,385,449
McCormack Baron Salazar / Los Angeles Hsg Partnership / Poils Builders	MacArthur Park Metro Apts	1901 W 7th St, Los Angeles 90057	No	1	Family	90	45	0	\$1,459,000		\$38,361,500	\$39,820,500
Beyond Shelter HDC / River Bank Dev Co	Slauson Station Apts	1707-1717 E 61st St, Los Angeles 90001	Yes	1	Family	30	22	22	\$919,100		\$9,937,138	\$11,556,238
Meta Hsg Corp / Clinton 2114 LLC / Western Community Housing, Inc.	Clinton Family Apts	2114-2126 Clinton St, Los Angeles 90026	No	1	Family	36	35	0	\$975,000		\$13,304,628	\$14,279,628
Meta Hsg Corp/Sichel 1805 LLC / Western Community Housing, Inc.	Sichel Family Apts	1805 Sichel St, Los Angeles 90031	No	1	Family	37	36	0	\$975,000		\$13,546,041	\$14,521,041
EIA Community Corp	115 & 137 N Soto St	115 & 137 N Soto St, Los Angeles 90033	No	1	Family	36	36	0	\$1,050,700		\$12,366,821	\$13,417,521
L A Community Design Center	Casa Dominguez	15729 S Atlantic Ave, Compton 90221 (part of site in city of Compton)	Yes	2	Transitional Age Youth	70	70	0	\$2,900,000		\$30,956,975	\$33,856,975
TELACU	TELACU Esperanza	1550 S San Antonio Av, Pomona 91766	No	1	Senior	70	70	0	\$1,901,933		\$9,600,000	\$11,501,933
TOTAL						461	384	0	\$13,691,733		\$166,900,067	\$181,291,800

SPECIAL NEEDS DEVELOPMENTS

Applicant	Project Name	Address	Uninc.	Dist.	Type	Total Units	Industry Assist Units	HOME Assist Units	Industry Request	HOME Request	Other Sources	Total Development Cost
Beyond Shelter Housing Dev. Corporation	Mason Court Apts	2129 E El Segundo Blvd, Compton 90222	Yes	2	Homeless	12	12	0	\$724,638	\$0	\$3,602,186	\$4,326,826
Hollywood Housing Dev. Corporation	Alexandria House Apts	510 S Alexandria Ave, Los Angeles 90020	No	2	Homeless	16	7	0	\$737,817	\$0	\$5,460,605	\$6,198,422
Single Room Occupancy Housing Corporation	James M Wood SRO Apts	408 # 5th St & 506 S San Julian St, Los Angeles 90014	No	1	Mental Illness	52	31	0	\$1,957,000	\$0	\$12,281,109	\$14,238,109
WL CAC/AF Evans	McCoy Plaza A	9315 Fifth Blvd, Los Angeles 90002	No	2	Homeless	63	26	0	\$2,500,000	\$0	\$22,924,920	\$25,424,920
Los Angeles County HDC	Coleau III	13965 Coleau Dr, Whittier 90604	Yes	4	Transition Age Youth	6	6	6	\$961,272	\$948,155	\$0	\$1,909,427
Linc Housing/Linc Community Dev Corp	Seasons at Compton	Corner of Alondra Blvd & Frailey Ave., Compton 90221	Yes/ Part	2	Dev. Disable	84	42	34	\$3,000,000	\$3,398,319	\$17,902,422	\$24,300,741
Jovenes, Inc.	Progress Place 1 & 2	407-409 1/2 & 411-413 Progress Place, Los Angeles 90033	No	1	Transition Age Youth	8	8	0	\$1,000,000	\$0	\$1,348,694	\$2,348,694
TOTAL						241	132	40	\$10,880,727	\$4,346,474	\$63,519,938	\$78,747,139